

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF GREEN RIVER ELECTRIC)	
CORPORATION FOR AN ORDER PURSUANT)	
TO KRS 278.300 AND 807 KAR 5:001, SECTION)	CASE NO.
11 AND RELATED SECTIONS, AUTHORIZING)	97-004
IT TO ISSUE EVIDENCE OF INDEBTEDNESS)	
TO BORROW \$2,231,000 FROM THE NATIONAL)	
BANK FOR COOPERATIVES)	

O R D E R

Green River Electric Cooperative ("Green River") filed its application on January 17, 1997 for approval to borrow funds from the National Bank for Cooperatives ("CoBank") and to execute its notes to secure such loan. The proceeds of this loan will finance Green River's 1996-1998 Work Plan.¹ This Work Plan calls for improvements and additions described in the application, which are estimated to cost \$8,294,000 and are anticipated to be financed by a \$5,205,000 loan from the Rural Utilities Service ("RUS"), \$2,231,000 from CoBank, and \$858,000 in general funds.

Green River filed correspondence from RUS on April 25, 1997 approving \$3,962,000, which represents the RUS portion of the financing for the first two years of the Work Plan. RUS has advised Green River that the remaining \$1,243,000 will be

¹ Green River received a Certificate of Public Convenience and Necessity for the 1996-1998 Work Plan in Case No. 95-556, The Application of Green River Corporation For a Certificate of Convenience and Necessity Pursuant to KRS 278.020(1) and 807 KAR 5:001, Section 9 and Related Sections Authorizing Certain Proposed Construction, Order dated July 17, 1996.

considered at a later date under the RUS regulations applicable at that time. Green River also filed correspondence from CoBank on May 9, 1997 approving \$1,698,000, which represents CoBank's portion of the financing for the first two years of the Work Plan.

The Commission, after consideration of the evidence of record and being advised, finds that:

1. The loan from CoBank in the amount of \$1,698,000 is for lawful objects within the corporate purposes of Green River, is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonable, necessary and appropriate for such purposes.
2. Green River is capable of executing its notes as security for the loan approved herein.
3. Green River should select the interest rate program which will result in the net lowest cost of money to it over the term of the financing.
4. Within 10 days of its selection of the interest rate program, Green River should notify the Commission in writing of the interest rate program selected and of the reasons for its selection.
5. The proceeds from the proposed loan should be used only for the lawful purposes set out in Green River's application.
6. Green River should include in its monthly financial report to the Commission the current interest rate on its outstanding variable rate loans.

7. When Green River renews its request to RUS for the remaining \$1,243,000 in loans, it should for informational purposes file a copy of that request with the Commission.

8. When Green River renews its request to CoBank to finance the remaining portion of its 1996-1998 Work Plan, a new financing application pursuant to KRS 278.300 should be filed with the Commission.

9. As the issuance of securities or evidences of indebtedness subject to the control of a federal governmental agency does not require Commission approval, KRS 278.300(10), and as the RUS is an agency of the federal government, no action on Green River's loan from the RUS is required.

IT IS THEREFORE ORDERED that:

1. Green River is authorized to borrow \$1,698,000 from CoBank for a 35-year period and bearing either a fixed or variable rate, as chosen by Green River at the time the first monies are drawn from CoBank, subject to the provisions and terms of the application with respect to renegotiation of the interest rate.


2. Green River is authorized to execute its notes as security for the loan authorized herein.

3. Green River shall comply with all matters set out in Findings 3 through 8 as if they were individually so ordered.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 3rd day of June, 1997,

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director